City of Charlotte Multi-Family Rental Housing - Rehabilitation RFP Submission Requirements and Evaluation Criteria

Section I: Purpose

The City of Charlotte is seeking multi-family developers and owners to provide proposals for the acquisition and rehabilitation (or rehabilitation only) of multi-family housing to increase the diversity of housing options in Charlotte. Funding will be available where rehabilitation will substantially improve the quality of the housing stock.

The City allows flexibility in project financing based on the economics of each proposal. Successful projects will be required to ensure a 20 year minimum period of affordability enforced through deed restrictions or similar instruments. The maximum request may be no more than 50% of the total project cost and no more than \$35,000 per assisted unit. At least 51% of the tenants in each property much have incomes that do not exceed 60% (\$38,500) of the area median income. All projects financed through this program will be required to submit to regular compliance monitoring and must incorporate a compliance monitoring fee into the development's proforma.

Proposals will be considered based on a mix of incomes, energy efficiency improvements and increased leveraging. The City anticipates approximately **\$3 million** in local and/or federal funding available in this fiscal year.

The City reserves the right to waive any minor informalities or irregularities, which do not go to the heart of the proposal or prejudice other offers, or to reject, for good and compelling reasons, any and all proposals. Conditional proposals, or those which take exception to the RFP, will be considered non-responsive and will be rejected.

The RFP Schedule** is shown below:

Activity	Scheduled Date
Request for Proposal (RFP) Posting	September 17, 2015
Initial Proposal Due Date	October 31, 2015 by 5:00pm
Neighborhood & Business Services	(thereafter rolling
600 East Trade Street - Suite 104	submittals)
Charlotte, NC 28202	
Housing & Neighborhood Development Committee	Quarterly
City Council Approval	Quarterly

^{**} The above dates are subject to change at the discretion of the City of Charlotte

Section II: Submission Requirements

2.0 **Submission Requirements**

The proposal (application and attachments) should be submitted on-line, dropbox or similar type of submission format organized and labeled as follows:

A. City of Charlotte Application	B. Applicant Information
C. Project Information	D. Project Rehabilitation/ Plan Review
E. Project Financing	

2.1 Threshold Requirements

To be considered for rehabilitation funding, the subject development must:

- Provide a total benefit of 51% or greater to families earning 60% or less of Area Median Income as defined by U.S. Department of Housing and Community Development. See attachments 1 and 3 for median incomes and maximum rental rates.
- Originally placed in service on or before December 31, 1998.
- Provide leverage funding no less than 1:1 for rehabilitation only projects and 1:2 for acquisition projects.
- Require rehabilitation expense in excess of \$15,000 per unit.
- Meet minimum energy efficiency retrofit requirements. See attachment 2.
- Not deteriorated to the point of requiring demolition.
- Not have received City funded loan/grant in the last five years for the proposed development.
- Not propose to use City funding to pay for off debt or pay for work completed prior to funding award or contract execution
- Create new affordable housing units or extend the affordability period of existing affordable units. Units designated as affordable and financed under this program will be required to remain affordable to families at 60% of area median income or below for no less than twenty years.
- Comply with all applicable federal regulations depending on funding source including but not limited to Davis Bacon, Section 3 and Environmental Review requirements.

2.2 Applicant Information:

Please provide the following information about the funding applicant:

A. Description of the applicant's expertise in developing/rehabilitating and operating

housing developments to include:

- Developer's track record with similar developments
- Detail the development teams experience
- Property Management & experience with similar developments
- Development team is subject to Charlotte Business INClusion program requirements and must submit their goal for SBE participation and specify the trades or vendors that will contribute to the developer in meeting the SBE goal.
- B. Minimum of three references that can speak directly to the applicant's development experience
- C. Applicant's financial statements prepared by an accountant for current year and previous vear.
 - Most recent independent audit
 - Auditor's management letter
- D. Applicant's organization/background information
 - Legal name of business
 - Director/President of the organization
 - Articles of Incorporation and current bylaws
 - IRS 501c(3) determination letter (if non-profit)
 - Type of Organization, (corporation, general partnership, Limited Liability Corporation, etc.)
 - List of Board of Directors (Include address and telephone numbers). List officers and their positions
 - Current organizational chart
 - Federal Tax ID# or Social Security # of owners
- E. Complete disclosure of any outstanding judgments.
- F. Certificate of Good Standing from the North Carolina Secretary of State or State where the developer/development team is incorporated.
- G. Verification that all state and federal taxes including IRS withholdings are current.
- H. The City will verify that the development team members are not on the U.S. Department of Housing and Urban Development's (HUD) "debarred" contractor's list. (all partners shall be registered on sam.gov)

2.3 **Project Information**

Provide the following information regarding the subject multifamily rehabilitation project:

- Description and scope of the project, its history and goal.
- Number and types of units (i.e. affordable).
- Income levels to be served (specify the number of units at each income level).

- Statement of the purpose of the loan/grant request and projected impact of the project
- Statement of project costs and verification of any committed and/or anticipated funding for the project (i.e. approval letters, letters of intent, and feasibility letters.
- Statement of details of any pending litigation.
- Project appraisal determined by a Member of the American Institute (MAI) Land and building(s). The appraisal should include; identification of the property being appraised, purpose and function of the appraisal, definition of market value, date of appraisal, property rights being appraised, site (land) description, description of improvements (building), real estate taxes on subject property, three approaches to value (cost, market and income), correlation of the three approaches, assumptions and limited conditions and qualifications of the appraiser. Appraisal should be no older than 6 months. Older appraisals will be accepted for review purposes but must be updated.
- Map with location and directions to the site.
- Proximity to amenities medical, groceries and transportation.
- Legal description of real estate.
- Description of any environmentally significant site condition(s).
- Description of historically significant conditions requiring Historic Review (if applicable).
- Description of any supportive services (if applicable).
- Detailed management plan for multi-family housing.
- Statement or list of any outstanding uncorrected noncompliance issues for properties managed by the proposed management company or list of North Carolina Housing Finance Agency (NCHFA) compliance of Tax Credit Properties in default over the last ten (10) years.
- List of any properties managed by the proposed management company been in default in the last ten (10) years.
- Relocation plan and statement of proposed relocation assistance (if applicable)
- Specify the number of years the unit will remain affordable (period of affordability).
- Real Estate Taxes State in detail the assumption used to arrive at the annual real estate taxes proposed in the pro-forma.
- Evidence of site control (Site control can be exhibited through an option to purchase, purchase contract, executed deed or a City-approved lease for as long as the requested loan term or period of affordability).
- Photographs of the site including all buildings, other significant structures and site amenities.
- Two years of rent rolls.

2.4 Eligible Rehabilitation

Eligible activities include but are not limited to structural, mechanical and electrical repairs, roof, windows, doors and work required when it has been determined that the useful life is five years or less and projects where rehabilitation is needed to make the units habitable. Repairs such as painting, replacing floor covering, and trim work are only eligible when they are part of a larger project. Provide:

- A detailed scope of work.
- A cost estimate from a qualified source(s) including cost per eligible unit and costs per square foot.
- Lead-based paint abatement plan for properties built before 1978

All projects must comply with planning and building permit standards. Please complete sketch plan application as applicable for your project.

2.5 **Project Financing**

- Statement detailing use of the loan proceeds, type (loan or grant) and terms.
- Proposed sources and uses of funds.
- Proposed project schedule (include dates for initial closing, construction start and substantial completion).
- Project budget (including relocation if applicable).
- Proposed project pro-forma for multi-family rental developments (with assumptions, rents, % of annual change in income and expenses) 20-year pro-forma for multifamily rental developments.*
- Proposed terms of the City funding request, specify lien position and collateral (if applicable).
- Detail any developer fees and equity share.
 *The standard pro-forma provided by the City of Charlotte must be used.

Question and application submittals can be made to:

Zelleka Biermann PHONE: 704-336-2482 FAX: 704-353-4502

zbiermann@charlottenc.gov

or

Warren Wooten

PHONE: 704-336-2489 FAX: 704-353-4502

twooten@charlottenc.gov

SECTION III: EVALUATION CRITERIA - Multi-Family Rental Housing

Complete proposals submitted to the City will be reviewed, evaluated and scored based on the following criteria.

	Rating %
Categories	Points
City Policies – (20 Points Total)	
Period of Affordability	
Total Maximum Points	/20
Development Strengths - (26 Points Total)	
Number of Affordable Units within the Development	
Income Level Served	
Total Maximum Points	/26
Development Team Experience - (10 Points Total)	
Track Record with Similar Development (s) – for Developer	
Development Team Experience with Similar Developments	
Property Management & Experience with Similar Developments	
Total Maximum Points	/10
Financial Strength - (34 Points Total)	
Amount of City Funding Requested (Leverage)	
City Investment per Eligible Unit	
City Lien Position	
Debt Coverage Ratio	
Total Loan to Value	
Total Points	/34
Total (90 Points Total)	/90
Bonus Points (30 Points Total)	
New Affordable Housing Units Created	
Proximity to Amenities and Services	
Age of Property	
Total	/30
Total Maximum Points	/120

EVALUATION CRITERIA - Multi-Family Rental Housing Rehabilitation

Definitions and Points:

City Policies - (20 Points)

1. Period of Affordability

- 21 to 30 Years earns 8 points
- Greater than 31 to 50 Years earns 12 points
- Greater than 50 Years earns 20 points

Development Strengths - (26 Points)

1. Number of Affordable Units within the Development

- 51% to 59% earns 6 points
- Greater than 60% earns 12 points
- Greater than 65% earns 16 points

2. Income Levels Served

Developments must have 51% or more of the total units serving 60% AMI or below. Developers will receive additional points based on the average of units targeted at a varying mix of income earning families. For the purpose of this calculation, market rate units will use an AMI of 120%.

Example: If a 100 unit development proposes to provide 60% of units for families at 60% of AMI and 40% at market rate using an AMI of 120%, the average AMI for the facility is 84% and would receive no additional points.

	Average AMI Calc	ulation Cha	rt
Target	Number of Units	Multiply	Total
		by:	
30%		.3	
50%		.5	
60%		.6	
70%		.7	
80%		.8	
Market Rate		1.2	
	Total Units:=A		Total of all rows
			above: = B

Additional points are assigned as shown below:

Average AMI of Total Units	Points Earned
69% or lower AMI	10
70% to 75% AMI	6

Development Team Experience - (10 Points)

1. Track Record with Similar Development(s) - for Developer

- No experience earns 0 points
- Experience with up to 2 similar developments earns 1 point
- Experience with more than 2 to 5 similar developments earns 2 points
- Experience with more than 5 similar developments earns 4 points

The developer must demonstrate a track record successfully rehabilitating developments similar to the one proposed. The points awarded in this category are based solely on the developer's experience. Similar developments are defined as similar to the proposed project. Developer should have an active role in the projects identified, (i.e. decision maker, principal).

2. Development Team Experience with Similar Developments

- No experience earns 0 points
- Experience with up to 5 similar developments earns 1 point
- Experience with more than 5 similar developments earns 3 points

Points in this category are based on the experience of the entire development team including but not limited to the developer, general contractor and architect. Similar developments are defined as similar to the proposed project.

3. Property Management Experience with Similar Developments

- No experience with subsidized units earns 0 points
- Experience with subsidized units (i.e. Tax Credits, Section 8, etc.) earns 1 point
- Specific experience projects similar to the proposed development earns 3 points

A maximum of <u>three</u> points can be earned in this category based on experience with subsidized units combined with specific experience with developments similar to the proposed development. A property manager must at a minimum have over two years experience with one development that is similar to the proposed development.

Financial Strength - (34 Points)

1. Amount of City Funding (Leverage)

Leverage Ratio	Points
Less than 1 to1	Earns 0 Points
1 to 1-1.99	Earns 2 Points
1 to 2-2.99	Earns 3 Points
1 to 3-3.99	Earns 4 Points

1 to 4-4.99	Earns 5 Points
1 to 5 or greater	Earns 7 Points

The leverage ratio: City funds over other investment.

2. City Investment per Eligible Unit

City Investment	
Per Eligible Unit	Points
\$30,000 to \$35,000	Earns 2 Points
\$20,000 to \$29,999	Earns 5 Points
\$15,000 to \$19,999	Earns 7 Points

3. City Lien Position

- No lien position earns 0 points
- Third lien position or a more subordinated position earns 1 point
- Second lien position earns 3 points
- First lien position earns 4 points
- **4. Debt Coverage Ratio -** The debt coverage ratio is based on "hard debt" (debt service contractually obligated to be repaid). The net operating income over the debt service determines debt coverage ratio.

Debt Coverage Ratio	Points
Less than 1.15	Earns 0 Points
1.15 to 1.20	Earns 10 Points
Greater than 1.20 to 1.25	Earns 8 Points
Greater than 1.25	Earns 4 Points

5. Total Loan to Value

- Greater than 85% earns 2 points
- 70% to 85% earns 4 points
- Less than 70% earns 6 points

Loan amount to value is defined as all debt as compared to the Fair Market Value (FMV). A Member of the American Institute (MAI) appraisal completed within the preceding 12 months determines the Fair Market Value (includes income restrictions).

Bonus Points – 30 Points

- **1. New Affordable Housing Units Created** Provides additional points for housing units that now have affordability periods and serve serve 60% or less than the area median income through conversion/rehabilitation of existing units.
 - 10 15 earns 8 points
 - 16 25 earns 10 points

- 25 49 earns 12 points
- Greater than 50 units earns 15 points
- 2. Proximity to Amenities and Services: Development is located within one mile of
 - 1. medical facilities (including pharmacy);
 - 2. groceries and;
 - 3. transportation
 - Medical facilities or groceries only earns 2 points
 - Transportation **or two** other amenities/services earns 3 points
 - Transportation <u>plus one</u> other amenity/service earns 4 points
 - All three amenities/services earns 5 points
- **3. Age of Property** The City will give a preference to older properties due to their increased need for rehabilitation.
 - Properties constructed prior to 1979 earns 10 points
 - Properties constructed from 1979 1998 earns 5 points

Attachment 1 - Energy Efficiency/ Water Conservation Requirements

The following improvements must be installed at each assisted unit;

- If replacing windows and doors, the replacements must be EnergyStar rated.
- If replacing the HVAC system, the replacement unit must be EnergyStar rated.
- Insulation must be installed or increased to the following levels: crawlspace R-24, attic R-38, walls R-6 (wall insulation is only required if siding replacement is part of scope).
- All lighting must be Energy Star rated and have cf or led light bulbs installed.
- Appliances 15 years of age or older must be replaced with Energy Star rated appliance of like size and features.
- All showers to be outfit with low flow shower heads.
- All sinks outfit with aerators
- All toilets must be 1.28 GPF or better and APA compliant.

Attachment 2 - Median Family Incomes

			Neighborho	ood & Business Serv	ices			
				an Family Income for		politan Stat	istical Area	ı:
			Charlotte -	Gastonia -	Rock Hill			
			Income Mat	FAMILY SIZE				
% OF								
NCOMI	1	2	3	4	5	6	7	8
20%	\$9,450	\$10,750	\$12,100	\$13,450	\$14,550	\$11,700	\$16,700	\$17,750
30%	\$14,150	\$16,150	\$18,150	\$20,150	\$21,800	\$23,400	\$25,000	\$26,600
40%	\$18,850	\$21,500	\$24,200	\$26,900	\$29,050	\$31,200	\$33,350	\$35,500
50%	\$23,550	\$26,900	\$30,250	\$33,600	\$36,300	\$39,000	\$41,700	\$44,400
60%	\$28,260	\$32,280	\$36,300	\$40,320	\$ 43,560	\$46,800	\$50,040	\$53,280
70%	\$32,950	\$37,650	\$42,350	\$47,050	\$50,800	\$54,600	\$58,400	\$62,150
80%	\$37,650	\$43,000	\$48,400	\$53,750	\$58,050	\$62,350	\$66,650	\$70,950
90%	\$42,400	\$48,400	\$54,450	\$60,500	\$65,350	\$70,200	\$75,050	\$79,900
100%	\$47,100	\$53,800	\$60,500	\$67,200	\$72,600	\$78,000	\$83,400	\$88,800
110%	\$51,800	\$59,200	\$66,550	\$73,900	\$79,850	\$85,800	\$91,750	\$97,700
120%	\$56,520	\$64,560	\$72,600	\$80,640	\$87,120	\$93,600	\$100,080	\$106,560

Attachment 3 - 2016 Maximum Rental Rates for Assisted Units

	0 BR, water	0 BR, water not
	included	included
30%	\$288	\$257
40%	\$406	\$375
60%	\$571	\$540
80%	\$571	\$540
100%	\$571	\$540
	1BR, water	1BR, water not
	included	included
30%	\$327	\$291
40%	\$461	\$425
60%	\$701	\$695
80%	\$701	\$701
100%	\$701	\$701
	2BR, water	2 BR, water not
	included	included
30%	\$412	\$368
40%	\$581	\$537
60%	\$831	\$831
80%	\$831	\$831
100%	\$831	\$831

Attachment 4 - Application



GENERAL APPLICATION INSTRUCTIONS

Attached are applications for City funding to support multi-family new construction and/or rehabilitation and a sketch plan application, as required by the Charlotte-Mecklenburg Planning Department.

Income Eligibility

In general, all developments must benefit persons with household incomes 60% or below of area median income adjusted for family size. Special conditions apply to HOME-assisted rental projects, and to CDBG-assisted non-housing projects. (See Loan and Grant Guidelines for income targets)

Local Priorities

The City of Charlotte housing policy embraces the national goals established by the U.S. Department of Housing and Urban Development to – provide decent and affordable housing; provide suitable living environment; and expand economic opportunities to benefit low and moderate-income households.

The City of Charlotte housing policy supports the need for safe and decent housing for low and moderate-income households and identifies the following local goals:

- Preserves the existing housing stock;
- Expand the supply of low and moderate-income housing; and
- Support family self-sufficiency initiatives.

Eligible Applicants The City's loan/grant programs are developed to serve non-profit and for-profit development entities. "Non-profit" means having a 501c(3) tax exemption notice from the IRS.

Special Conditions

Developments receiving federal funding must comply with federal rules for: environmental review, "Davis Bacon" wage rates, real property acquisition, Uniform Relocation Act (URA), contract procurement, lead based paint, and (for large projects) HUD Section 3 economic opportunity initiatives. Because of these conditions, funding cannot be provided for construction projects that start prior to a funding commitment from the City of Charlotte.

Invalid Applications Applications may be rejected without evaluation for *all or one* of the following reasons:

- 1) Program not clearly eligible according to local or federal guidelines.
- 2) Applicant has demonstrated poor past performance in carrying out City-funded programs or complying with federal regulations.
 - 3) Incomplete application
 - 4) Noncompliance with Loan and Grant Guidelines, especially the Housing **Locational Policy**

Project Evaluation

Applications must be complete and will be evaluated based on the priorities established by the City of Charlotte, the criteria established in the Loan/Grant Guidelines and if applicable the Request for Proposal documents.

Do Not Submit This Page

Funding Application for Housing Development

City Funding Sources: Local Funds (including housing bonds) CDBG (Community Development Block Grant) – Federal Funds HOME – Federal Funds OTHER – To be determined by the City based on project type, available funding or the other funds that are to be used in the development.
I. APPLICANT INFORMATION
Full Legal Name of Applicant:
Applying as: Non-Profit or Government Agency
(Check one) For-Profit Organization
Address:
City/State/Zip:
Contact Person:
Title: Telephone Number:
Fax number: E-mail:
Name of Development:
Development Type:
Number of Units:
City Funding Request: \$
To the best of my knowledge and belief all data in this application are true and current. The document has been duly authorized by the governing board of the applicant.
Signature
President/Board Chair Date

II. BRIEF DEVELOPMENT DESCRIPTION

Development Name:	
Development Street Address:	
Neighborhood:	Census Tract:
III. TYPE OF ACTIVITY (check applicable acti	vity)
Multi-Family Rental – New Construction	
Multi-Family Housing Rental - Rehabilitation	
Supportive Housing	
Single Room Occupancy (SRO)	

IV. INCOME LEVELS AND SPECIAL NEEDS

Please complete the following tables to the best of your ability. Show actual or estimated number of units for the development occupants/beneficiaries, **not percentages**.

Income Group	Number of Units
30% or less of area median income (AMI)	
31-50% of AMI	
51-60% of AMI	
61-80% of AMI	
>80% of AMI	
TOTAL	

Supportive Housing Eligible Population (if applicable)

Category	Number of Units
Elderly (over 60)	
Disabled (not elderly)	
Homeless	
People with HIV/AIDS	
Veterans	
Other - Identify	
TOTAL	

V. TYPE OF FUNDING REQUESTED:
Form of City funding (check one): Grant Loan
VI. APPLICANT DESCRIPTION
Please provide the following information for the organization that will actually carry out the project.
A. ORGANAIZATION
1. What is your organization's mission statement?
2. Incorporation date (Month and Year)?
3. Estimated Agency Budget for Current Fiscal Year: \$
4. Number of staff employed (full time equivalents):
5. Years of housing development experience (in years):
B. DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST
Are any of the Board Members or employees of the agency, which will be carrying out this project, of members of their immediate families, or their business associates
a) Employees of or closely related to employees of the City of Charlotte YES NO
b) Members of or closely related to Members of Charlotte City Council YES NO
c) Beneficiaries of the program for which funds are requested, either as clients or as paid providers of goods or services: YES NO

If you have answered *YES* to any question, **please attach a full explanation to the application**. The existence of a potential conflict of interest does not necessarily make the project ineligible for funding, but the existence of an **undisclosed** conflict may result in the termination of any funding awarded. The disclosure statement must be signed and dated.

CITY OF CHARLOTTE-PLANNING DEPARTMENT SKETCH PLAN APPLICATION

No processing or review of a sketch plan will proceed without the following information. Fees are not required for sketch plan review

Name of Development:	
Property Address:	
Tax Parcel Number(s):	
Zoning:	Rezoning Petition #:(If applicable)
Total Acreage:	# of Lots Proposed:
Proposed # of Units: (If applicable)	Type:(Multi-Family) (Apts, Condo, Townhouse)
Owner:	Phone Number: ()
Address:	Fax Number: (
(City, State, Zip)	E-Mail Address:
Designer:	Phone Number: _()
Address:	Fax Number: ()
(City State 7in)	E-Mail Address:
(City, State, Zip)	Professional License #:

Submission Requirements:

- A. All Building Elevations
- B. All Plans: The plans must have a scale less than or equal to 1"=100'. The following items MUST be provided on the sketch plan:
 - Vicinity map
 - Survey of the property proposed for development
 - Existing easements located on the property
 - Existing right-of-way width and location of centerline
 - The locations of all property lines which intersect the property boundaries
 - Adjacent properties zoning and current use (used to determine buffer requirements)
 - Proposed area for detention if applicable
 - Any existing driveways adjacent to site
 - All creeks located within close proximity to the site
 - Tree save areas indicated
 - Tree survey for setback area (Multi-Family Only)
 - Swim Buffer & floodplain